



## marketDATA

	Price	YTD	1 Month	3 Months
Dow Jones <sup>1</sup>	25,019	1.21%	-0.72%	2.71%
S&P 500 <sup>2</sup>	2,801	4.78%	0.93%	5.46%
NASDAQ <sup>1</sup>	7,825	13.36%	1.69%	10.12%
Russell 2000 <sup>3</sup>	4,192	9.87%	0.63%	8.88%
Wilshire 5000 <sup>4</sup>	29,034	5.14%	0.90%	5.81%

Data as of: July 13, 2018

<sup>1</sup> Source: Google Finance

<sup>2</sup> Source: StandardandPoors.com

<sup>3</sup> Source: Russell.com

<sup>4</sup> Source: Wilshire.com

## quickSHARE

Do you know where the money in your retirement account is going? Now is the perfect time to review your IRA beneficiaries. Call our office today. We'll be happy to discuss your options and make sure your intended beneficiaries are specified.

The S&P 500 experienced some ups and downs in the past month driven in part by headlines around tariffs and “trade wars.” The White House announced recently it plans to impose 10% tariffs on an additional \$200B in Chinese goods, which heightened concerns about incremental retaliation from China and the potential impact on the U.S. economy. Investors are also watching the yield curve, which continues to flatten and has historically served as one potential indicator of an impending recession.

Economic data points from the past several weeks have been slightly mixed but generally positive. In particular, Fed survey results were somewhat ambiguous: the Empire State and Dallas Fed indices outperformed but the Chicago Fed National Activity Index came in below expectations and the Philly Fed index was much lower than anticipated. On the other hand, the ISM manufacturing and services numbers (which measure the breadth of economic conditions across industries) provided good readings that were both above consensus. Interestingly, survey respondents did note some disruption to prices, production and investment from the tariffs, although economic conditions otherwise appear strong. In terms of the consumer, Michigan Sentiment and Consumer Confidence were both robust. Despite the uptick in the unemployment rate in the June jobs report, nonfarm payrolls continue to be healthy. However, so far that hasn't translated into meaningful acceleration in the growth of hourly earnings, and personal income and expenditures, all of which were below expectations.

Market breadth appears quite strong and resilient. While the outperformers from the past 12 months outperformed again this past month (Consumer Discretionary, Energy, Information Technology), several of the laggards had a nice bounce and outperformed as well (Consumer Staples, Health Care, Real Estate and Utilities). Financials and Industrials were the negative performers, and both continue to trail the overall market on a year-to-date and last 12 months basis. Additionally, we believe the “big picture” continues to provide a tailwind, with the Conference Board's Leading Economic Index (LEI) higher for the eighth straight month and in a positive trend since early 2009. In summary, the outlook for strong earnings growth, reasonable macroeconomic growth and positive price trends keeps us bullish.

Source: BB&T Scott & Stringfellow Private Client Research – July 13, 2018

## BEYOND GOOD DEEDS: USING QUALIFIED CHARITABLE DISTRIBUTIONS

A qualified charitable distribution (QCD) allows individuals who are 70½ years old or older to donate up to \$100,000 from an IRA directly to a qualified charity. By giving a QCD, an IRA owner can help meet their annual required minimum distribution (RMD) while realizing certain tax advantages.

A QCD may appeal to individuals who may not fully rely on their RMD to meet spending needs, and are interested in making charitable donations. For a distribution to qualify as a QCD, several requirements must be met.

- **Type of IRA:** QCDs can be taken from a traditional, Roth or deemed IRA. Distributions can be made from a SEP or SIMPLE IRA, as long as the employer did not make contributions during the year in which the QCD was made.
- **Age requirement:** The IRA owner must be at least age 70½ at the time the distribution is made.
- **Dollar limitation:** QCDs are limited to no more than \$100,000 per year. For married couples, each spouse can distribute up to \$100,000 per year.
- **Qualifying charities:** QCDs may be made to most 501(c)(3) charitable organizations. However, private foundations and supporting organizations, as well as donor-advised funds do not qualify.
- **Direct transfer:** Charitable donations must be made directly from the IRA trustee to the organization. If an IRA owner receives a distribution from an IRA, and then writes a check to the charity, the donation does not qualify.
- **Inherited IRAs:** QCDs may be made from an inherited IRA as long as the beneficiary has reached the age of 70½ when the distribution is made.
- **Deadline:** For a QCD to count toward your minimum annual RMD, it must be made by the same deadline as a normal distribution. (Typically, Dec. 31 of the tax year in question.)

To find out more about QCDs, please contact our office today. We can discuss strategies that may help maximize your charitable giving efforts while minimizing your tax liability.

## QCDs AND YOUR TAXES

This year, the standard tax deduction was changed to \$12,000 for single filers and \$24,000 for joint filers. Under the current tax law, most taxpayers may not choose to itemize deductions but may claim the higher standard deduction instead. In spite of these changes, you may want to reconsider your unique strategy as it relates to your taxable income.

While no charitable deduction is allowed for making a qualified charitable distribution, a QCD is not included in an IRA owner's taxable income, helping the owner avoid higher tax rates and phase-outs. Here are some significant potential benefits:

- **Lower adjusted gross income (AGI):** Taxable Social Security benefits, Medicare Part B and D premiums and tax credits, among others, are based on AGI calculation. A lower AGI could help lower taxes and premiums paid.
- **Lower required minimum distributions downstream:** As QCDs reduce the IRA's balance, they may also reduce RMDs in future years.
- **Larger charitable contributions:** Deductible charitable contributions are subject to a certain percentage of AGI limitations. QCDs are not subject to these limits, which could result in a larger charitable gift than if the IRA owner donates cash or other assets.

Even though QCDs are a good option to consider, they may not be the best strategy for everyone. If you are considering a large charitable donation, please contact us to make sure this is the right strategy for you.